

Application for Tax Exemptions Based on Age, Student Status, and Family Relationship

State Worked: Arizona Program: SDAC – UnitedHealthcare Community Plan

Participant Name: _____ Employer Name: _____

Employee Name: _____ Employee Date of Birth: ____/____/____

Employees providing domestic services, such as personal assistance, may be exempt from paying certain federal and state taxes based on the employee’s age, student status, or family relationship to the employer. In some cases, the employer may also be exempt based on the employee’s status. If you and your employer qualify for these exemptions you must take them. PCG Public Partnerships will determine the tax exemptions that apply to you and to your employer (see enclosed guidelines). Employee – Please answer all the following questions based on your age, student status, and relationship to the employer:

1. *Are you a non-resident alien temporarily in the United States on an F-1, J-1, M-1, or Q-1 visa admitted to the US for the purpose of providing domestic services?*
 Yes, that description fits my status. No, that description does not fit my status.
2. *Are you the child of the employer (includes adopted children)?*
 Yes, my employer is my parent (mother or father). No, my employer is not my parent.
3. *Are you the spouse of the employer?*
 Yes, my employer is my spouse (husband, wife). No, my employer is not my spouse.
4. *Are you the parent of the employer (includes adopted children)?*
 Yes, my employer is my child (son or daughter). No, my employer is not my child.
5. *If you answered “Yes” to Question 4, check any of the following that apply. If you answered “No”, proceed to Question 6.*
 Yes, I also provide care for my grandchild or step-grandchild in my child’s home.
 Yes, my grandchild or step-grandchild is under age 18, or has a physical or mental condition that requires personal care of an adult for at least four continuous weeks during the calendar quarter in which services are performed.
 Yes, my child (son or daughter) is widowed or divorced and not remarried, or living with a spouse who has a mental or physical condition which prohibits the spouse from caring for my grandchild for at least four continuous weeks during the calendar quarter in which services are performed.
6. *Are you under the age of 18 or do you turn 18 this calendar year?*
 Yes, I am under 18 or am turning 18 this calendar year. No, I am over 18.
If you answered “Yes” to Question 6, answer the following question. If you answered “No”, skip this section.
Is the job of performing household services (personal assistance) your principal occupation? Note: Do not answer “Yes” if you are a student.
 Yes, performing household services is my principal occupation. No, performing household services is not my principle occupation, or I am a student.

IMPORTANT: You must notify PCG Public Partnerships if your status changes.

Employee Signature: _____ Date: ____/____/____

Submit to:

Guide to Tax Exemptions Based on Age, Student Status, and Family Relationship

Employee Copy – Keep for your records

Employees providing domestic services such as personal assistance may be exempt from paying certain federal and state taxes based on the employee's age, student status or family relationship to the employer. In some cases, the employer may also be exempt from paying certain taxes based on the employee's status. **IMPORTANT:** Please see IRS Publication: #926 – Household Employer's Tax Guide, and IRS website article: "Foreign Student Liability for Social Security and Medicare Taxes" for additional information.

IMPORTANT:

- These exemptions are not optional. If the employee and employer qualify for these tax exemptions they must be taken.
- If the employee's earnings are exempt from these taxes, the employee may not qualify for the related benefits, such as retirement benefits and unemployment compensation.
- The questions regarding family relationship refer to the relationship between the employee and the employer of record (common law employer). In some cases, the program participant is the employer of record. In other cases, the employer of record may be someone other than the program participant. Check program rules.
- Program rules may prohibit some types of employees. For example, most Medicaid-funded programs do not permit a spouse to be paid as an employee for providing services to a spouse. Check program rules.
- PCG Public Partnerships will determine the tax exemptions that apply to the employee and employer based on the information provided by the employee. PCG Public Partnerships cannot provide tax advice.

Tax Exemptions for Non-Resident Students

For a non-resident student in the United States on an F-1, J-1, M-1, or Q-1 visa admitted to the US for the purpose of providing domestic services, the employer and employee are exempt from paying FICA (Social Security and Medicare taxes) and the employer is exempt from paying FUTA (Federal Unemployment Tax) on wages paid to this employee. The employer may also be exempt from paying State Unemployment Insurance, depending on the rules in the state.

Tax Exemptions for Children Employed by Parent

For a child under 21 employed by his or her parent, the employer and employee are exempt from paying FICA (Social Security and Medicare taxes) and the employer is exempt from paying FUTA (Federal Unemployment Tax) on wages paid to this employee until the child (employee) turns 21 years of age. The employer may also be exempt from paying State Unemployment Insurance, depending on the rules in the state.

Tax Exemptions for Spouses Employed Spouses

For a spouse (husband, wife, or domestic partner in some states) employed by his or her spouse, the employer and employee are exempt from paying FICA (Social Security and Medicare taxes) and the employer is exempt from paying FUTA (Federal Unemployment Tax) on wages paid to this employee. The employer may also be exempt from paying State Unemployment Insurance, depending on the rules in the state.

Tax Exemptions for Parents Employed by Children

For a parent employed by his or her child and answering “No” to any of the additional questions under Question #6 regarding caring for a grandchild or step grandchild, the employer and employee are exempt from paying FICA (Social Security and Medicare taxes) and the employer is exempt from paying FUTA (Federal Unemployment Tax) on wages paid to this employee. The employer may also be exempt from paying State Unemployment Insurance, depending on the rules in the state.

For a parent employed by his or her child and answering “Yes” to all of the additional questions regarding caring for a grandchild or step grandchild, the employer is exempt from paying Federal Unemployment Tax (FUTA) on wages paid to this employee. The employer may also be exempt from paying State Unemployment Insurance, depending on the rules in the state.

Tax Exemptions for Employee under Age 18

For employees under the age of 18 or turning 18 in the calendar year: If the employee is a student, domestic services are deemed not to be the employee’s principle occupation and the employer and employee are exempt from paying FICA (Social Security and Medicare taxes).

Employment Relationship Status	Federal Insurance Contributions Act - Social Security and Medicare Taxes (FICA)	Federal Unemployment Tax Act (FUTA)	State Unemployment Insurance (SUI)
Foreign Student on VISA in US for Purpose of Providing Domestic Service	FICA exempt	FUTA exempt	See footnote ⁽¹⁾
Child Employed by Parent	FICA exempt only until 21 st birthday	FUTA exempt only until 21 st birthday	See footnote ⁽²⁾
Spouse Employed by Spouse	FICA exempt	FUTA exempt	SUI exempt ⁽³⁾
Parent Employed by Child	FICA exempt only if not also caring for dependent child of the employer (employee’s grandchild)	FUTA exempt	SUI exempt except in NY and WA. See footnote ⁽⁴⁾
Employee Under 18 or Turning Age 18 in Calendar Year	FICA exempt through year of 18 th birthday only if enrolled as a full-time student	Not Applicable	Not Applicable

(1) Foreign student in the United States on F-1/J-1 VISA is exempt from SUI in the following states: PA, WA.

(2) Child under 18 employed by parent is SUI exempt in the following states: CA, IL, MA, ME, NJ, NV, OH, OR, PA, SC, TN, WA, WV. Child under 21 employed by parent is SUI exempt in the following states: AZ, GA, IN, KS, NY, OK, VA, WY, and District of Columbia.

(3) For California only, a registered domestic partner employed by his/her registered domestic partner is SUI exempt.

(4) Parent employed by child is SUI exempt in all states and the District of Columbia with the exception of NY and WA.